

ABSTRACT OF THE DISCLOSURE

5 A financing enterprise (100) cooperatively owned by
at least three originators (110) of financial instruments, no
single originator owning 50% or more of the financing
enterprise. The originators and financing enterprise
cooperatively specify underwriting standards for financial
10 instruments (120). The financing enterprise purchases
financial instruments from the originators and aggregates them
into pools for resale (130, 132, 140) in the financial markets
(102). No single originator has 50% or more representation in
any pool. The financing enterprise only purchases financial
15 instruments conforming to the underwriting standards, though
the originators are free to originate other financial
instruments, and financing enterprise is not bound to purchase
all financial instruments tendered by the originators. The
financing enterprise may offer the financial instruments in
20 the form of structured securities (140) backed or secured by
the financial instruments. The securities include a first
loss piece (148). The financing enterprise and securities
offered by the financing enterprise are structured to entirely
transfer default risk from the originators to purchasers and
25 to terminate the moral recourse obligation historically
imposed by rating agencies.